ghla Greater Hartford Legal Aid | Connecticut Legal Services | LAA New Haven Legal Assistance Association, Inc.

Appropriations Committee, February 22, 2022

Testimony submitted by Alison Weir, Policy Advocate and Attorney

Greater Hartford Legal Aid

HB 5037: oppose in part

My name is Alison Weir and I am a policy advocate and attorney with Greater Hartford Legal Aid. I write in strong opposition to the Governor's proposed decrease to the budget for Temporary Family Assistance and the State Administered General Assistance programs. These reductions in the only programs that provide direct cash assistance are unconscionable. They come following a national demonstration that cash to low income families can lower poverty rates, relieve food insecurity, and facilitate increased work. And Connecticut now has an unprecedented cash surplus in the state budget. Why now take aim at the lowest tier of the income ladder in the state?

Some Positive Changes in the Governor's Budget

There is much to admire in the governor's human services budget: the increase in dental reimbursement rates for adult HUSKY enrollees is very welcomed and long overdue; increased funding for behavioral health services for children and adults is also an important addition as we emerge from the shadow of the pandemic; funding for community health workers is also a welcome addition.

But TFA and SAGA Reductions Cut the Only Programs that Provide Cash

None of the additions mentioned will provide people with very low incomes what they most need—cash. We have recently concluded a six-months long experiment in what happens when we give families with children unrestricted funds through the Advance Child Tax Credit (ACTC), which provided families up to $300 a month for children under 6 years old and up to $250 a month for children up to age 18. As a result, child poverty decreased,[i] families spent the money on basic needs and savings for their children,[ii] and more people are able to go to work because they can afford child care and transportation.[iii] Now that the ACTC has expired, the child poverty rate has increased, showing that the ACTC had a direct and tangible impact on child poverty.[iv] TFA and SAGA are the only cash assistance programs we have in the state now that the Advance Child Tax Credit has expired. Cutting the only programs that provide cash to people who most desperately need it is pennywise but pound-foolish.

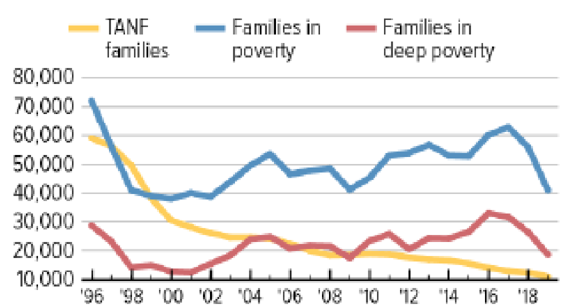
Falling Caseloads Are Not a Sign of Success

The governor's budget cuts $5.5 million from TFA and $2.3 million from SAGA. The budget document provides no rationale for cutting these funds, but if asked, it is likely the governor's office would respond that the reductions are warranted because caseloads have decreased. While this might look like success, a reduction in caseloads is not a sign that the program is working, but is rather a sign that the program is NOT working. Caseloads have not decreased because people do not need the program but because as a state we actively discourage people from the program through (1) a continual erosion in the income limits, (2) burdensome requirements to list assets people applying for the program clearly do not have, and (3) the ridiculously short time period we allow people on the program to find gainful employment that will allow them to cover their basic needs. Let me repeat: A reduced caseload count is not a measure of the success of the program. The TFA program currently serves fewer than 27% of the families in poverty in the state. That is not a successful program. The reduced caseloads should spur further investment and investigation to determine how to make the programs more responsive to poverty and helpful for families and low-income disabled individuals in Connecticut rather than a scooping back of funds that should be going to the folks most in need of help.[v]

Mind you, the help we provide through the program is less than modest. For a family of three in Hartford, the current payment standard for TFA is $606 a month. By way of comparison, the federal poverty level for a family of three for one month is $1,919.17. In other words, the most assistance a family could receive is 32% of the federal poverty level. This is not enough money to lift a family out of what is known as "deep poverty," commonly defined as living an income level less than half the federal poverty level. And it does not come close to meeting the self-sufficiency standard, which in Hartford a family of a parent and two children is at least $60,000 a year, or $5000 a month.[vi] A chart of the poverty rate in the state mapped against the percentage of families receiving TFA shows clearly that caseload decreases have no relationship to the poverty rate in the state. Indeed, it is painfully clear that our poorest families are not receiving the aid that could help them meet their most basic needs.

Families with children	1995/96	2018/19
Receiving AFDC/TANF	59,035	11,180
In poverty	71,935	41,078
In deep poverty	28,785	18,689

Changes in AFDC/TANF Cases and the Number of Families with Children in Poverty and Deep Poverty in Connecticut



Source: Center for Budget and Policy Priorities, State fact Sheets, Connecticut (available at https://www.cbpp.org/sites/default/files/atoms/files/tanf_trends_ct.pdf)

Reframe Standard of Need to a Measure Based on Federal Poverty Level

I urge the committee to consider reframing the eligibility standard and payment standard for the Temporary Family Assistance to one based on the federal poverty level. One reason that the TFA caseload does not track the poverty rate in the state is because the Standard of Need (SON) on which the eligibility standard and payment standard are based[vii] is entirely unrelated to the federal poverty level. In fact, the SON varies widely across the state, despite the fact that the cost of living, when housing is excluded, across the state does not vary as widely.[viii]

The SON was first calculated decades ago in connection with the Assistance for Families with Dependent Children, and is supposed to cover a list of essential, basic needs. It is telling to review the list in light of the fact that current payment levels no longer even cover rent[ix] The SON was intended to cover all the incidental expenses a family would likely have—nothing luxurious, but basic necessities plus a very few small items that are beneficial to kids, like scouting uniforms and summer camp. It falls far short of being able to cover even the barest of necessities.

How did an income eligibility standard that was supposed to cover a wide range of basic needs erode to the point that it would not cover a fraction of those items? For one thing, the eligibility standard is not connected to the federal poverty level, which is the standard against which most other assistance programs in the state are aligned and the standard against which poverty is measured in this country. The FPL is adjusted annually in accordance with the consumer price index, so it does a better job of keeping pace with inflation. In contrast, TFA and SAGA are both *supposed* to be adjusted for the cost of living by statute, but more often than not the state government, both the governor who proposes not funding the COLA and the legislature who votes to approve that recommendation, carves out an exception to the COLA each biennium.

This past session, the legislature took a step toward reversing this trend by funding the COLA and writing into the statue a provision that requires any lapsed funds in the TFA line be used to fund the next year's COLA. The governor proposes deleting this new statute, presumably to make it easier to avoid COLAs in the future. This legislature must stand by this small but important change to ensure at least a minimal cost of living adjustment each year.

FPL-Based Standard of Need Would Keep Pace with Inflation and Track HUSKY and SNAP

A better way to ensure that the eligibility standard and payment standard for both SAGA and TFA keep pace with inflation is to replace the current standard of need with one based on a percentage of the federal poverty level. This would remove the temptation to not fund a cost of living adjustment, because it would be made automatically. It would also remove the largely inaccurate variations in the standard of need across the three regions in the state, resulting in eligibility and payment standards that vary in excess of 15% based on whether you live in Newtown, New Haven, or New Hartford. This change would also allow policy makers to compare TFA income eligibility to other assistance programs, like SNAP and HUSKY A, B, and D, all of which base their eligibility standard on the federal poverty level.

HUSKY C Tied to Standard of Need as Well

Changing the Standard of Need to a FPL-based number would also have the benefit of updating the eligibility standard for HUSKY C, which is based on the TFA SON as well. The Medically Needy Income Limit for Title XIX in Connecticut is calculated as 143% of the TFA payment standard, or 104% of the SON. In Hartford, this is less than 50% of FPL. Currently, Connecticut's income eligibility level of Title XIX Medicaid, for the Aged, Blind, and Disabled, is the lowest level in the entire country, because, just like the income eligibility for TFA and SAGA, it has not kept pace with inflation and the federal poverty level. Like the TFA payment standard, the income eligibility for HUSKY C varies by as much as 18% depending on where you live in the state. We live in a small state—there is no need or rational justification for such wide variation in eligibility levels.

Better Use for Lapsed Funds—Make SON = 70% FPL

Rather than returning the lapsed funds to the state's overflowing coffers, where they are unlikely to provide direct benefit to the people they were appropriated to help, the lapsed funds could be used to change the eligibility standard and payment standard to a FPL based rate that does a better job of pulling people out of poverty. A standard of need of 70% of the federal poverty level would ensure that no family enrolled in the program would be living in deep poverty and would increase the income eligibility of HUSKY C within the allowable federal limits.

Better Use for Lapsed Funds – Extend Time Limit

The committee could also consider using the money to extend the time limit to the program. At 21 months, Connecticut has the second shortest time limit for similar programs in the country, and a far shorter lifetime limit than allowed by federal law or applied in any of our neighboring states. Twenty-one months is simply too short a time for many people who have been chronically un- or underemployed to find a job and receive the support to ensure success in holding that job, or to receive the training necessary for a job that would ensure self-sufficiency. Indeed, the governor recognized the time limit as enough of a handicap that he suspended it during the state's public health emergency. Legal Services' clients have told us that they have been actively dissuaded by caseworkers from applying for TFA because the time limit is so short, so they should reserve that option for "when they really need it." Given the very low eligibility levels for the program, one would think that anyone at that income level "really needs" any assistance for which they qualify. Last year, the legislature considered extending the time limit to the full extent of the federal time limit, which is 60 months. The fiscal note stated an extension of the state time limit would cost $5 million, approximately the same amount as the lapsed funds the governor would like to take back from the program.

Another Improvement: Removing Asset Limits

Indeed, the committee could also remove a barrier to applying and using the programs by removing the asset limits currently on TFA and SAGA, both of which are so low as to prohibit any savings for unexpected emergencies, such as a transportation expense or home repair. TFA applicants cannot hold more than $3000 in cash or a car worth more than $9500. The asset limit is not enough to allow a family to save for the costs of moving to a new apartment or to make a major home or car repair. The car asset value is too low to be able to buy a reliable used car in the current market. The inability to save means that participants will remain stuck in poverty, even after they have been in the program for 21 months. Indeed, we saw the effect among our clients during the pandemic shutdown as families did not have enough savings to cover even one month's rent. Additionally, the requirement to list and verify assets adds many hours to the approval process, and also increases the error rate. As experience with SNAP and HUSKY have shown, the lowest income people simply do not have significant assets. Indeed, the legislature could make this change without any additional expense and might save additional funds. When the state of Virginia removed its asset limits on its TFA equivalent, it found it saved $323,050 in administrative savings.[x] Colorado found it could cut application processing time by 90 minutes once it removed its asset limits.[xi] Connecticut spends 7% of the TANF block grant it receives on TFA basic assistance and 22% of the block grant on administration. Compare this with the national average: most states put more money toward basic assistance (on average, 22% of the state block grant) and less on administration (on average, 10% of the state block grant).[xii] Removing the asset limits could be a step in better balancing how we use the block grant for families in deep need.

SAGA's asset limits are even more stringent—individuals cannot own more than $250 in assets. Since the program provides at most $222 per month, it is highly unlikely that anyone with more than $200 would apply for the program in the first place. Asset limits this low not only discourage saving, they render individuals entirely unable to address ANY unexpected costs.

Still One More Possible Improvement--Increase Earned Income Disregard

The TFA program currently allows those enrolled to earn up to the federal poverty level without being dis-enrolled from the program. As Connecticut continues to raise the minimum wage, it will require less work for families to exceed this amount. A family of two with one parent working at the current minimum wage of $13 for just 27 hours a week would exceed this now, and in July when the minimum wage increases to $14, 25 hours a week of work would push against this limit. Combined with the current short time limit (21 months) for being on the program, this level of income disregard is not enough to ensure that families have a firm footing before they graduate from the program. (As a side note, if a family runs through the 21 months and applies for one of two allowed six-month extensions, the application is considered a new application and they cannot make any more than the payment standard, currently the equivalent of about 32% of the federal poverty level. There is no income disregard for new applications.)

Lapsed Funds an Opportunity to Improve Program

The Governor has proposed removing appropriated funds from programs that provide direct assistance to resident families and disabled individuals who are most in need, possibly viewing the declining caseloads as evidence that the program is not needed. The state's poverty rate among families suggests otherwise. What the caseload decrease shows is that the programs are broken. I urge the committee instead to fulfil the intent of the statute the legislature passed last year and use these funds to improve the programs and make them more accessible to and effective for families in need.

---

[i] A. Parolin, S. Collyer, M. Curran, and C. Wimer, "Monthly Poverty Rates among Children after the Expansion of the Child Tax Credit," Poverty and Social Policy Brief, Vol. 5 No. 4, Aug. 2021, available at https://static1.squarespace.com/static/5743308460b5e922a25a6dc7/t/612014f2e6deed08adb03e18/1629492468260/Monthly-Poverty-with-CTC-July-CPSP-2021.pdf

[ii] J. Jabbrri, L. Hamilton, S. Roll, and M. Grinstein-Weiss, " The New Child Tax Credit Does More than Just Cut Poverty," Brookings Blog, Sep. 24, 2021, available at https://www.brookings.edu/blog/up-front/2021/09/24/the-new-child-tax-credit-does-more-than-just-cut-poverty/

[iii] E. Ananat, B. Glasner, C. Hamilton, Z. Parolin, "Effects of the Expanded Child Tax Credit on Employment Outcomes," Poverty and Social Policy Discussion Paper, Oct. 10, 2021, available at https://static1.squarespace.com/static/610831a16c95260dbd68934a/t/61ef91c98d4e3a1f8b42e2d6/1643090378593/Child-Tax-Credit-Expansion-on-Employment-CPSP-2021.pdf

[iv] Center for Poverty and Social Policy, "Absence of Monthly Child Tax Credit Leads to 3.7 Million More Children in Poverty," Policy Brief, Feb.17, 2022, available at https://www.povertycenter.columbia.edu/publication/monthly-poverty-january-2022

[v] https://www.cbpp.org/sites/default/files/atoms/files/tanf_trends_ct.pdf

[vi] D. Pearce, The Self-Sufficiency Standard for Connecticut, Oct. 2019, available at http://ydn.dtd.mybluehost.me/SELC/wp-content/uploads/2021/10/CT2019_SSS.pdf

[vii] The payment standard and the initial eligibility standard are both equal to 73% of the Standard of Need.

[viii] See https://www.bestplaces.net/cost-of-living/fairfield-ct/west-hartford-ct/112000 comparing West Hartford to Fairfield.

[ix] The Department of Social Services Unified Policy Manual 8562.15 lists the following expenses to be covered by the SON: appliance and appliance installation; basic telephone service and normal installation; carrying charges on home owned property; chore services; clothing; food; fuel; furniture and home furnishings; household supplies; installment payments on personal and small loans; laundry; life, hospital and personal health insurance premiums; non-medical public and private transportation; personal incidentals; refuse collection; repair of furnishings, furniture and appliances; repair of household items; scout uniforms; shelter; school expenses; summer campership not medically related; therapeutic dietary costs; utilities and utility shutoff.

[x] Aleta Sprague and Rachel Black, "State Asset Limit Reform and Implications for Federal Policy" *New American Foundation*, October 2012, available at https://static.newamerica.org/attachments/3826-state-asset-limit-reforms-and-implications-for-federal-policy/SpragueBlackFinal10.31.12_0.557490fb36df433a80bd5cb2f3885e5d.pdf , page 11

[xi] Aleta Sprague and Rachel Black, "State Asset Limit Reform and Implications for Federal Policy" *New American Foundation*, October 2012, available at https://static.newamerica.org/attachments/3826-state-asset-limit-reforms-and-implications-for-federal-policy/SpragueBlackFinal10.31.12_0.557490fb36df433a80bd5cb2f3885e5d.pdf , page 11

[xii] Center for Budget and Policy Priorities, Connecticut TANF Spending, https://www.cbpp.org/sites/default/files/atoms/files/tanf_spending_ct.pdf

Federal and State TANF Spending by Category, 2020

	Connecticut		National
	Millions of dollars	Share of spending	Share of U.S. spending
Basic Assistance	$36	7%	22%
Work Activities	$11	2%	10%
Work Supports and Supportive Services	$19	4%	2%
Child Care	$63	12%	17%
Administration and Systems	$112	22%	10%
Tax Credits	$58	11%	9%
Pre-K/Head Start	$71	14%	9%
Child Welfare	$68	14%	8%
Other Services	$68	14%	13%
Total	$506	100%	100%